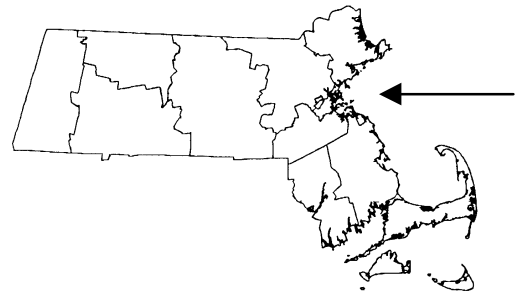


Financial Section



Rows upon rows of food stands, street performers, stores and small specialty push carts all reside at Quincy Market, also known as Faneuil Hall.

Attractions by Region



Boston

There's no better way to experience the cosmopolitan flavor of Boston than by walking or hopping on the T, Boston's convenient public transportation. You'll find that Massachusetts' capital combines big-city amenities with a friendly, small-town atmosphere.

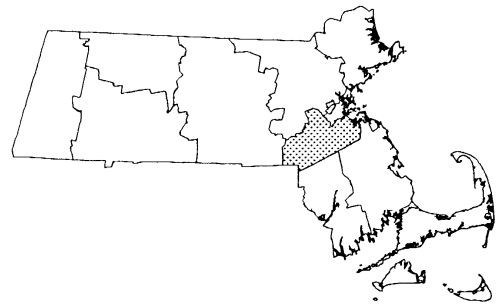
Recommendations:

- The 16 historic sites on the Freedom Trail including Paul Revere's House, Old North Church, Faneuil Hall, and the newly restored USS Constitution, the U.S. Navy's oldest commissioned ship.
- The Black Heritage Trail -- Boston's nineteenth-century black community on Beacon Hill.
- The Bull & Finch Pub, which inspired the television show "Cheers," sits at the bottom of Beacon Hill.
- From the Hub's array of cultural offerings: the Boston Symphony Orchestra, the Boston Ballet, the Museum of Fine Arts, the Isabella Stewart Gardner Museum, and the Institute of Contemporary Art, the Computer Museum and the Kennedy Library and Museum.



Borderland State Park hosts walking trails, cross country skiing, horseback riding, canoeing, fishing and tours of a Stone English style mansion built in 1910.

Attractions by Region



Greater Boston

Boston's suburbs are home to some of Massachusetts' most affluent communities. Its unique blend of cities and towns has a high concentration of picturesque historic homes, neighborhoods and public conservation lands.

Recommendations:

- Harvard Square and its lively cafes, shops, and nightclubs. In the evenings, the Square's sidewalks are crowded with street musicians.
- The Longfellow National Historic Site, a grand mansion that served as George Washington's Revolutionary War headquarters and, later, as the home of poet Henry Wadsworth Longfellow.
- Cambridge is a vibrant mix of ethnic cultures, students, scholars, and visitors from around the world.
- Dedham's Fairbanks House has the distinction of being the oldest surviving wooden frame house in North America.
- The Adams National Historic Site and the splendid homes, gardens, and stables of the second and sixth presidents of the United States.

**Independent Auditors' Report**

Mr. William Kilmartin, Comptroller
The Commonwealth of Massachusetts

We have audited the accompanying general purpose financial statements of the Commonwealth of Massachusetts as of June 30, 1998, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the institutions of higher education and their blended component units listed in Note 1 which reflect 91 percent of the total assets and 89 percent of the total revenues of the University and College Fund Type. We did not audit the financial statements of the Pension Reserves Investment Trust, which is the investment vehicle of the Commonwealth of Massachusetts' Pension Trust Funds, the financial statements of which reflect 73 percent and 52 percent, respectively, of the total assets and total revenues of the Fiduciary Fund Type. We did not audit the financial statements of the discretely presented component units listed in Note 1 which reflect 87 percent of the total assets and 89 percent of the total revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities not audited by us included for the University and College Fund Type, Fiduciary Fund Type and the discretely presented component units referred to above, is based solely on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The Commonwealth of Massachusetts has included such disclosures in Note 17. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Commonwealth of Massachusetts's disclosures with respect to the Year 2000 issue made in Note 17. Further, we do not provide assurance the Commonwealth of Massachusetts is or will be Year 2000 ready, that the Commonwealth of

Massachusetts' Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Commonwealth of Massachusetts does business will be Year 2000 ready.

In our opinion, based upon our audit and the reports of the other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, such general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Massachusetts as of June 30, 1998, and the results of its operations and the cash flows of its Internal Service Funds, Nonexpendable Trust Fund and discretely presented component units for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 15 to the financial statements, on March 31, 1998 certain activities of the Commonwealth of Massachusetts accounted for in the University and College Fund Type were contributed to and have been merged with and into a newly formed corporation. These activities have been accounted for as discontinued operations.

As described in Notes 3 and 11 of the financial statements, the Commonwealth of Massachusetts implemented Governmental Accounting Standards Board ("GASB") Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and changed its method of financial reporting in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements, and account group schedules, listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Massachusetts. These statements and schedules are also the responsibility of the management of the Commonwealth of Massachusetts. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, based on our audit and the reports of other auditors, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements.

The data included in the introductory and statistical sections of this report is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Commonwealth of Massachusetts. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

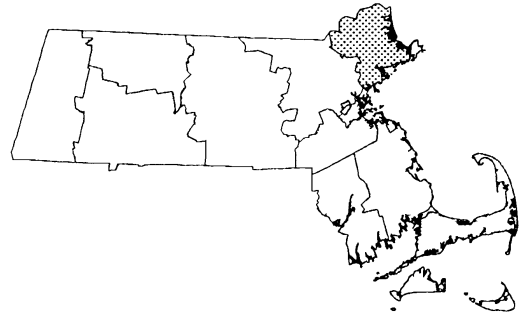
December 22, 1998

General Purpose Financial Statements



Gloucester's famous "The Fisherman" is dedicated to "they who go down to the sea in ships." Gloucester just celebrated its 375th birthday, making it the oldest working port in America.

Attractions by Region



North Shore

The 30 miles of rocky coastline north of Boston to Cape Ann are punctuated with long sandy beaches, rugged fishing ports, and sparkling sailing harbors.

Recommendations:

- Salem, the home of the witch trials of the 1690s, the world-class Peabody Museum, and Nathaniel Hawthorne's House of Seven Gables.
- Marblehead, one of the East Coast's premier sailing centers with 18th- and 19th-century homes of fishermen, merchants, and artisans.
- Motif #1, a fishing shack in Rockport harbor that's been the subject of countless painters.
- Essex, a mecca for antique hunters and seafood lovers (the fried clam was first cooked here).
- Newburyport's High Street, lined with splendid early-American mansions, built by wealthy sea captains and merchants.
- The 520-acre Salisbury Beach State Reservation bordered by the Atlantic Ocean and the Merrimack River.

All Fund Types, Account Groups And Discretely Presented Component Units

Combined Balance Sheet

June 30, 1998
(Amounts in thousands)

| | Primary | | | |
|---|-------------------------|-----------------|------------------|------------------------|
| | Governmental Fund Types | | | Proprietary Fund Types |
| | General | Special Revenue | Capital Projects | Internal Service |
| ASSETS AND OTHER DEBITS | | | | |
| Cash and short-term investments..... | \$ 1,480,338 | \$ 1,153,980 | \$ - | \$ - |
| Cash with fiscal agent..... | - | 37,631 | - | - |
| Deposits..... | - | - | - | - |
| Investments..... | - | - | - | - |
| Restricted investments..... | - | - | - | 273,705 |
| Investments of deferred compensation plan..... | - | - | - | - |
| Annuity contracts..... | - | - | - | - |
| Assets held in trust..... | - | - | - | 16,531 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes..... | 971,649 | 685,608 | - | - |
| Due from federal government..... | 426,660 | 340,544 | 4,475 | - |
| Loans..... | - | - | - | - |
| Other receivables..... | 123,282 | 103,640 | 122 | - |
| Due from cities and towns..... | 239,547 | 407 | - | - |
| Due from primary government..... | - | - | - | - |
| Due from other funds..... | 2,383,346 | 338 | 522,997 | 22,289 |
| Due from component units..... | 3,750 | - | - | - |
| Inventory..... | - | 25,233 | - | - |
| Fixed assets..... | - | - | - | - |
| Other assets..... | - | 2,984 | - | - |
| Amounts available for retirement of general long-term obligations..... | - | - | - | - |
| Amounts to be provided for retirement of general long-term obligations..... | - | - | - | - |
| Total assets and other debits..... | \$ 5,628,572 | \$ 2,350,365 | \$ 527,594 | \$ 312,525 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | |
| Liabilities: | | | | |
| Accounts payable..... | \$ 901,259 | \$ 534,751 | \$ 331,101 | \$ - |
| Accrued payroll..... | 22,906 | 31,760 | 510 | - |
| Compensated absences..... | 102,759 | 69,112 | 4,701 | - |
| Tax refunds and abatements payable..... | 600,868 | 397,462 | - | - |
| Due to cities and towns..... | - | - | - | - |
| Due to primary government..... | - | - | - | - |
| Due to other funds..... | 420,211 | 1,933,571 | 544,899 | - |
| Due to component units..... | 61,464 | 269,467 | 502 | - |
| Due to federal government..... | 18,058 | 49 | 65 | - |
| Deferred revenue..... | 122,791 | 117,431 | 41 | - |
| Prizes payable..... | - | - | - | - |
| Deferred compensation benefits payable..... | - | - | - | - |
| Agency liabilities..... | - | - | - | - |
| Claims and judgments..... | 16,500 | - | 67,450 | 415,462 |
| Deposits and unearned revenue..... | - | - | - | - |
| Central artery/tunnel payable..... | - | - | - | - |
| Other accrued liabilities..... | - | 73,679 | - | - |
| Capital leases..... | - | - | - | - |
| Bonds, notes payable and certificates of participation..... | - | - | - | - |
| School construction grants..... | - | - | - | - |
| Total liabilities..... | 2,266,816 | 3,427,282 | 949,269 | 415,462 |
| Equity and other credits: | | | | |
| Investment in general fixed assets..... | - | - | - | - |
| Contributed capital..... | - | - | - | - |
| Retained earnings: | | | | |
| Reserved for investment programs..... | - | - | - | - |
| Reserved for bond retirement..... | - | - | - | - |
| Reserved for central artery workers compensation..... | - | - | - | 174,110 |
| Unreserved..... | - | - | - | (277,047) |
| Fund balances (deficit): | | | | |
| Reserved for continuing appropriations..... | 135,350 | 124,941 | - | - |
| Reserved for tax reduction..... | - | 367,663 | - | - |
| Reserved for Commonwealth stabilization..... | 1,159,588 | - | - | - |
| Reserved for employees' pension benefits..... | - | - | - | - |
| Reserved for deferred compensation..... | - | - | - | - |
| Reserved for unemployment benefits..... | - | - | - | - |
| Reserved for retirement of indebtedness..... | - | 26,059 | - | - |
| Reserved for nonexpendable trusts..... | - | - | - | - |
| Reserved for capital projects..... | - | - | 268,961 | - |
| Restricted..... | - | - | - | - |
| Unexpended plant funds..... | - | - | - | - |
| Renewals and replacements..... | - | - | - | - |
| Net investment in plant..... | - | - | - | - |
| Unreserved and undesignated..... | 1,699,155 | (1,227,917) | (690,636) | - |
| Total equity (deficit) and other credits..... | 3,361,756 | (1,076,917) | (421,675) | (102,937) |
| Total liabilities, equity and other credits..... | \$ 5,628,572 | \$ 2,350,365 | \$ 527,594 | \$ 312,525 |

See notes to general purpose financial statements.

| Government | | | | | | |
|----------------------|----------------------------------|----------------------|-------------------------------|--------------------------|----------------------|---------------------|
| Fiduciary Fund Types | University and College Fund Type | Account Groups | | Totals (Memorandum Only) | | Component Units |
| Trust and Agency | University and Colleges | General Fixed Assets | General Long-term Obligations | 1998 | 1997 (as restated) | |
| \$ 3,102,954 | \$ 164,845 | \$ - | \$ - | \$ 5,902,117 | \$ 4,026,045 | \$ 963,647 |
| - | - | - | - | 37,631 | 24,823 | - |
| 1,699,693 | 132,197 | - | - | 1,831,890 | 1,334,988 | - |
| 23,395,600 | 388,352 | - | - | 23,783,952 | 19,906,282 | 434,513 |
| - | - | - | - | 273,705 | 223,219 | 1,489,023 |
| 2,006,455 | - | - | - | 2,006,455 | 1,616,593 | 26,430 |
| 1,340,514 | - | - | - | 1,340,514 | 1,285,021 | - |
| 1,901,578 | - | - | - | 1,918,109 | 1,759,068 | 5,251 |
| 255,260 | - | - | - | 1,912,517 | 1,673,998 | - |
| 1,925 | 18,441 | - | - | 792,045 | 1,027,257 | 53,344 |
| 643 | 49,167 | - | - | 49,810 | 51,528 | 1,147,333 |
| 547,137 | 246,231 | - | - | 1,020,412 | 682,660 | 96,445 |
| - | - | - | - | 239,954 | 228,020 | 1,162 |
| - | - | - | - | - | - | 331,433 |
| - | 78,980 | - | - | 3,007,950 | 1,763,138 | - |
| - | - | - | - | 3,750 | 5,859 | - |
| - | 10,201 | - | - | 35,434 | 64,619 | 46,299 |
| - | 2,383,937 | 3,673,727 | - | 6,057,664 | 5,916,579 | 7,884,154 |
| - | 16,450 | - | - | 19,434 | 29,175 | 139,177 |
| - | - | - | 53,299 | 53,299 | 44,891 | - |
| - | - | - | 15,516,123 | 15,516,123 | 14,034,691 | - |
| <u>\$ 34,251,759</u> | <u>\$ 3,488,801</u> | <u>\$ 3,673,727</u> | <u>\$ 15,569,422</u> | <u>\$ 65,802,765</u> | <u>\$ 55,698,454</u> | <u>\$12,618,211</u> |
| \$ 953,919 | \$ 64,204 | \$ - | \$ - | \$ 2,785,234 | \$ 2,283,579 | \$ 89,375 |
| 79 | 65,436 | - | - | 120,691 | 77,177 | 32,514 |
| 486 | 123,807 | - | 115,866 | 416,731 | 392,028 | 8,019 |
| 12,484 | - | - | - | 1,010,814 | 700,597 | - |
| 22,673 | - | - | - | 22,673 | 20,142 | 145 |
| - | - | - | - | - | - | 103,750 |
| 1,672 | 107,597 | - | - | 3,007,950 | 1,763,138 | - |
| - | - | - | - | 331,433 | 336,098 | - |
| - | - | - | - | 18,172 | 18,660 | 50 |
| 12,042 | 16,861 | - | - | 269,166 | 260,549 | 73,020 |
| 1,340,514 | - | - | 10,624 | 1,351,138 | 1,288,587 | - |
| 4,542,435 | 719 | - | - | 4,543,154 | 3,812,878 | 26,430 |
| - | - | - | 76,053 | 575,465 | 602,181 | 5,251 |
| - | 8,422 | - | - | 8,422 | 8,068 | 84,599 |
| - | - | - | - | - | - | - |
| - | 147,872 | - | - | 221,551 | 152,652 | 600,000 |
| - | 70,202 | - | 91,639 | 161,841 | 137,095 | 201,128 |
| - | 262,648 | - | 11,078,603 | 11,341,251 | 10,588,033 | 534,788 |
| - | - | - | 4,196,637 | 4,196,637 | 3,534,617 | 6,340,880 |
| <u>6,886,304</u> | <u>867,768</u> | <u>-</u> | <u>15,569,422</u> | <u>30,382,323</u> | <u>25,976,079</u> | <u>8,099,949</u> |
| - | - | 3,673,727 | - | 3,673,727 | 3,505,871 | - |
| - | - | - | - | - | - | 4,082,068 |
| - | - | - | - | - | - | 428,362 |
| - | - | - | - | - | - | 2,567 |
| - | - | - | - | 174,110 | 145,140 | - |
| - | - | - | - | (277,047) | (285,478) | 5,265 |
| - | - | - | - | 260,291 | 180,262 | - |
| - | - | - | - | 367,663 | 91,764 | - |
| - | - | - | - | 1,159,588 | 799,300 | - |
| 23,221,308 | - | - | - | 23,221,308 | 19,560,061 | - |
| 2,006,455 | - | - | - | 2,006,455 | 1,616,593 | - |
| 1,918,742 | - | - | - | 1,918,742 | 1,515,080 | - |
| - | 27,968 | - | - | 54,027 | 66,822 | - |
| 5,835 | - | - | - | 5,835 | 5,835 | - |
| - | - | - | - | 268,961 | 229,800 | - |
| - | 207,394 | - | - | 207,394 | 185,938 | - |
| - | 73,060 | - | - | 73,060 | 57,980 | - |
| - | 35,078 | - | - | 35,078 | 24,983 | - |
| - | 2,099,592 | - | - | 2,099,592 | 2,087,785 | - |
| 213,115 | 177,941 | - | - | 171,658 | (65,361) | - |
| <u>27,365,455</u> | <u>2,621,033</u> | <u>3,673,727</u> | <u>-</u> | <u>35,420,442</u> | <u>29,722,375</u> | <u>4,518,262</u> |
| <u>\$ 34,251,759</u> | <u>\$ 3,488,801</u> | <u>\$ 3,673,727</u> | <u>\$ 15,569,422</u> | <u>\$ 65,802,765</u> | <u>\$ 55,698,454</u> | <u>\$12,618,211</u> |

All Governmental Fund Types And Expendable Trust Funds
Combined Statement Of Revenues, Expenditures And Changes In Fund Balances

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | Primary | | |
|---|-------------------------|-----------------|------------------|
| | Governmental Fund Types | | |
| | General | Special Revenue | Capital Projects |
| Revenues: | | | |
| Taxes..... | \$ 8,470,786 | \$ 5,562,642 | \$ - |
| Assessments..... | 226,236 | 287,737 | - |
| Federal grants and reimbursements..... | 2,685,639 | 2,383,746 | 785,242 |
| Departmental..... | 537,924 | 4,247,823 | - |
| Deferred compensation..... | - | - | - |
| Miscellaneous..... | 175,285 | 105,546 | 13,401 |
| Total revenues..... | 12,095,870 | 12,587,494 | 798,643 |
| Other financing sources: | | | |
| Proceeds of general obligation bonds..... | - | 580,557 | 766,953 |
| Proceeds of special obligation bonds..... | - | - | 100,059 |
| Proceeds of refunding bonds..... | - | - | 861,793 |
| Proceeds of capital leases..... | 15,521 | - | - |
| Transfers from component units..... | 4,192 | - | 100,000 |
| Operating transfers in..... | 509,230 | 1,470,126 | 1,358,891 |
| Total other financing sources..... | 528,943 | 2,050,683 | 3,187,696 |
| Total revenues and other financing sources..... | 12,624,813 | 14,638,177 | 3,986,339 |
| Expenditures: | | | |
| Current: | | | |
| Legislature..... | 51,194 | - | - |
| Judiciary..... | 47,932 | 422,522 | - |
| Inspector General..... | 1,876 | - | - |
| Governor and Lieutenant Governor..... | 5,095 | - | - |
| Secretary of the Commonwealth..... | 16,657 | 6,426 | - |
| Treasurer and Receiver-General..... | 87,472 | 2,561,181 | - |
| Auditor of the Commonwealth..... | 13,337 | 766 | - |
| Attorney General..... | 34,106 | 6,661 | - |
| Ethics Commission..... | 639 | 664 | - |
| District Attorney..... | 247 | 67,746 | - |
| Office of Campaign and Political Finance..... | 386 | 366 | - |
| Sheriff's Departments..... | 40,307 | 206 | - |
| Disabled Persons Protection Commission..... | 1,510 | 8 | - |
| Board of Library Commissioners..... | 3,815 | 5,026 | - |
| Comptroller..... | 7,173 | - | - |
| Administration and finance..... | 772,532 | 285,438 | - |
| Environmental affairs..... | 65,141 | 150,748 | - |
| Communities and development..... | 97,995 | 252,541 | - |
| Health and human services..... | 3,035,327 | 2,022,437 | - |
| Transportation and construction..... | 1,226 | 115,539 | - |
| Education..... | 176,075 | 977,440 | - |
| Higher education..... | 80,891 | 1,066 | - |
| Public safety..... | 408,073 | 444,629 | - |
| Economic development..... | 9,200 | 21,312 | - |
| Elder affairs..... | 142,870 | 36,397 | - |
| Consumer affairs..... | 31,797 | 25,496 | - |
| Labor..... | 41,566 | 144,313 | - |
| Medicaid..... | 3,442,215 | 195,624 | - |
| Pension..... | 96,833 | 317,522 | - |
| Deferred compensation..... | - | - | - |
| Direct local aid..... | 33,877 | 4,013,004 | - |
| Capital outlay: | | | |
| Local aid..... | - | - | 102,022 |
| Capital acquisition and construction..... | - | - | 2,532,076 |
| Debt service: | | | |
| Principal retirement..... | 502,133 | 205,134 | - |
| Interest and fiscal charges..... | 255,900 | 251,424 | - |
| Total expenditures..... | 9,505,397 | 12,531,636 | 2,634,098 |
| Other financing uses: | | | |
| Payments to refunded bond escrow agent..... | - | - | 861,793 |
| Operating transfers out..... | 454,872 | 2,128,476 | 678,122 |
| Transfers of appropriations..... | 820,646 | 2,339 | - |
| Transfers of bond proceeds..... | - | - | 31,143 |
| Transfers to component units..... | 413,657 | 348,703 | 5,920 |
| Total other financing uses..... | 1,689,175 | 2,479,518 | 1,576,978 |
| Total expenditures and other financing uses..... | 11,194,572 | 15,011,154 | 4,211,076 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses..... | 1,430,241 | (372,977) | (224,737) |
| Fund balance (deficits) at beginning of year (as restated)..... | 1,931,515 | (703,940) | (196,938) |
| Fund balance (deficits) at end of year..... | \$ 3,361,756 | \$ (1,076,917) | \$ (421,675) |

See notes to general purpose financial statements.

| Government | | |
|------------------------|-----------------------------|-----------------------|
| Fiduciary Fund Type | Totals (Memorandum Only) | |
| Expendable Trust | 1998 | 1997 (as restated) |
| \$ 1,015,807 | \$ 15,049,235 | \$ 14,219,863 |
| 2,306 | 516,279 | 553,790 |
| 30,306 | 5,884,933 | 5,611,064 |
| 15,587 | 4,801,334 | 4,401,540 |
| 472,640 | 472,640 | 342,245 |
| 288,047 | 582,279 | 415,730 |
| 1,824,693 | 27,306,700 | 25,544,232 |
| - | 1,347,510 | 899,471 |
| - | 100,059 | - |
| - | 861,793 | 722,621 |
| - | 15,521 | 61,906 |
| - | 104,192 | 5,859 |
| 78,796 | 3,417,043 | 1,927,254 |
| 78,796 | 5,846,118 | 3,617,111 |
| 1,903,489 | 33,152,818 | 29,161,343 |
| - | 51,194 | 49,308 |
| 226 | 470,680 | 432,981 |
| - | 1,876 | 1,680 |
| - | 5,095 | 5,244 |
| 5 | 23,088 | 17,240 |
| 1,460 | 2,650,113 | 2,717,468 |
| 170 | 14,273 | 12,129 |
| 3,404 | 44,171 | 6,844 |
| - | 1,303 | 1,189 |
| 3,152 | 71,145 | 65,069 |
| - | 752 | 670 |
| - | 40,513 | - |
| - | 1,518 | 1,465 |
| - | 8,841 | 6,366 |
| - | 7,173 | 6,769 |
| 9,536 | 1,067,506 | 942,668 |
| 7,125 | 223,014 | 203,242 |
| 575 | 351,111 | 344,282 |
| 17,942 | 5,075,706 | 4,524,839 |
| 537 | 117,302 | 153,341 |
| 6,117 | 1,159,632 | 1,027,508 |
| 117 | 82,074 | 89,785 |
| 2,634 | 855,336 | 863,303 |
| 447 | 30,959 | 34,790 |
| 36 | 179,303 | 173,659 |
| 6,403 | 63,696 | 44,548 |
| 787,898 | 973,777 | 1,030,323 |
| - | 3,637,839 | 3,497,331 |
| - | 414,355 | 413,050 |
| 82,778 | 82,778 | 77,846 |
| - | 4,046,881 | 3,677,455 |
| - | 102,022 | 181,179 |
| - | 2,532,076 | 2,050,758 |
| - | 707,267 | 752,669 |
| - | 507,324 | 525,616 |
| 930,562 | 25,601,693 | 23,932,614 |
| - | 861,793 | 722,621 |
| 82,705 | 3,344,175 | 1,852,194 |
| - | 822,985 | 747,036 |
| - | 31,143 | 34,977 |
| - | 768,280 | 745,853 |
| 82,705 | 5,828,376 | 4,102,681 |
| 1,013,267 | 31,430,069 | 28,035,295 |
| 890,222 | 1,722,749 | 1,126,048 |
| 3,248,090 | 4,278,727 | 3,152,679 |
| \$ 4,138,312 | \$ 6,001,476 | \$ 4,278,727 |

General And Budgeted Special Revenue Funds
Combined Schedule Of Revenues, Expenditures And Changes In Fund Balances -
Statutory Basis - Budget And Actual

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | General Fund | | |
|---|--------------|--------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes..... | \$ 7,596,600 | \$ 8,312,968 | \$ 716,368 |
| Assessments..... | - | 226,737 | 226,737 |
| Federal grants and reimbursements..... | 2,616,300 | 2,671,658 | 55,358 |
| Departmental..... | 780,800 | 593,226 | (187,574) |
| Miscellaneous..... | - | 111,695 | 111,695 |
| Total revenues..... | 10,993,700 | 11,916,284 | 922,584 |
| Other financing sources: | | | |
| Fringe benefit cost recovery..... | - | 224,761 | 224,761 |
| Operating transfers in..... | 349,800 | 399,202 | 49,402 |
| Stabilization transfer..... | - | - | - |
| Transfer for tax reduction..... | - | 55,058 | 55,058 |
| Total other financing sources..... | 349,800 | 679,021 | 329,221 |
| Total revenues and other financing sources..... | 11,343,500 | 12,595,305 | 1,251,805 |
| Expenditures: | | | |
| Legislature..... | 72,647 | 51,045 | 21,602 |
| Judiciary..... | 50,339 | 47,139 | 3,200 |
| Inspector General..... | 1,871 | 1,858 | 13 |
| Governor and Lieutenant Governor..... | 6,295 | 5,080 | 1,215 |
| Secretary of the Commonwealth..... | 16,811 | 16,513 | 298 |
| Treasurer and Receiver-General..... | 102,005 | 91,788 | 10,217 |
| Auditor of the Commonwealth..... | 12,250 | 12,246 | 4 |
| Attorney General..... | 23,694 | 23,574 | 120 |
| Ethics Commission..... | 638 | 638 | - |
| District Attorney..... | 274 | 247 | 27 |
| Office of Campaign and Political Finance..... | 383 | 381 | 2 |
| Sheriff's Departments..... | 45,103 | 40,307 | 4,796 |
| Disabled Persons Protection Commission..... | 1,528 | 1,516 | 12 |
| Board of Library Commissioners..... | 3,815 | 3,815 | - |
| Comptroller..... | 6,708 | 6,701 | 7 |
| Administration and finance..... | 846,610 | 801,647 | 44,963 |
| Environmental affairs..... | 71,894 | 58,463 | 13,431 |
| Communities and development..... | 104,543 | 100,642 | 3,901 |
| Health and human services..... | 3,101,943 | 3,010,817 | 91,126 |
| Transportation and construction..... | 503,240 | 496,854 | 6,386 |
| Education..... | 13,458 | 12,998 | 460 |
| Higher education..... | 862,434 | 856,624 | 5,810 |
| Public safety..... | 399,269 | 393,800 | 5,469 |
| Economic development..... | 11,299 | 10,556 | 743 |
| Elder affairs..... | 143,849 | 142,853 | 996 |
| Consumer affairs..... | 32,670 | 31,717 | 953 |
| Labor..... | 50,194 | 45,711 | 4,483 |
| Direct local aid..... | 2,909 | 689 | 2,220 |
| Medicaid..... | 3,472,784 | 3,470,215 | 2,569 |
| Pension..... | 375,304 | 375,212 | 92 |
| Debt service: | | | |
| Principal retirement..... | 381,053 | 372,233 | 8,820 |
| Interest and fiscal charges..... | 259,775 | 253,536 | 6,239 |
| Total expenditures..... | 10,977,589 | 10,737,415 | 240,174 |
| Other financing uses: | | | |
| Fringe benefit cost assessment..... | - | - | - |
| Operating transfers out..... | 382,197 | 493,768 | (111,571) |
| Stabilization transfer..... | 150,000 | 250,414 | (100,414) |
| Transfer for tax reduction..... | 362,500 | 362,500 | - |
| Total other financing uses..... | 894,697 | 1,106,682 | (211,985) |
| Total expenditures and other financing uses..... | 11,872,286 | 11,844,097 | 28,189 |
| Excess (deficiency) of revenues and other financing sources: over expenditures and other financing uses..... | (528,786) | 751,208 | 1,279,994 |
| Fund balances (deficits) at beginning of year..... | 1,181,359 | 1,181,359 | - |
| Fund balances (deficits) at end of year..... | \$ 652,573 | \$ 1,932,567 | \$ 1,279,994 |

See notes to general purpose financial statements

| Budgeted Special Revenue Funds | | | Totals (Memorandum Only) | | |
|--------------------------------|--------------|--|-----------------------------|---------------|--|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 5,218,700 | \$ 5,713,288 | \$ 494,588 | \$ 12,815,300 | \$ 14,026,256 | \$ 1,210,956 |
| - | 28,397 | 28,397 | - | 255,134 | 255,134 |
| 670,900 | 689,523 | 18,623 | 3,287,200 | 3,361,181 | 73,981 |
| 462,800 | 489,365 | 26,565 | 1,243,600 | 1,082,591 | (161,009) |
| - | 77,600 | 77,600 | - | 189,295 | 189,295 |
| 6,352,400 | 6,998,173 | 645,773 | 17,346,100 | 18,914,457 | 1,568,357 |
| - | - | - | - | 224,761 | 224,761 |
| 676,852 | 1,094,583 | 417,731 | 1,026,652 | 1,493,785 | 467,133 |
| - | 317,357 | 317,357 | - | 317,357 | 317,357 |
| - | 399,206 | 399,206 | - | 454,264 | 454,264 |
| 676,852 | 1,811,146 | 1,134,294 | 1,026,652 | 2,490,167 | 1,463,515 |
| 7,029,252 | 8,809,319 | 1,780,067 | 18,372,752 | 21,404,624 | 3,031,872 |
| - | - | - | 72,647 | 51,045 | 21,602 |
| 447,571 | 418,694 | 28,877 | 497,910 | 465,833 | 32,077 |
| - | - | - | 1,871 | 1,858 | 13 |
| - | - | - | 6,295 | 5,080 | 1,215 |
| 7,851 | 5,820 | 2,031 | 24,662 | 22,333 | 2,329 |
| 6,569 | 5,985 | 584 | 108,574 | 97,773 | 10,801 |
| 707 | 707 | - | 12,957 | 12,953 | 4 |
| 1,822 | 1,809 | 13 | 25,516 | 25,383 | 133 |
| 641 | 641 | - | 1,279 | 1,279 | - |
| 66,388 | 65,892 | 496 | 66,662 | 66,139 | 523 |
| 385 | 383 | 2 | 768 | 764 | 4 |
| 115 | 98 | 17 | 45,218 | 40,405 | 4,813 |
| - | - | - | 1,528 | 1,516 | 12 |
| 2,462 | 2,426 | 36 | 6,277 | 6,241 | 36 |
| 428 | 428 | - | 7,136 | 7,129 | 7 |
| 381,111 | 271,090 | 110,021 | 1,227,721 | 1,072,737 | 154,984 |
| 152,664 | 139,501 | 13,163 | 224,558 | 197,964 | 26,594 |
| 35,156 | 34,994 | 162 | 139,699 | 135,636 | 4,063 |
| 698,254 | 670,201 | 28,053 | 3,800,197 | 3,681,018 | 119,179 |
| 304,057 | 298,671 | 5,386 | 807,297 | 795,525 | 11,772 |
| 227,454 | 224,186 | 3,268 | 240,912 | 237,184 | 3,728 |
| 5,520 | 5,216 | 304 | 867,954 | 861,840 | 6,114 |
| 424,808 | 415,505 | 9,303 | 824,077 | 809,305 | 14,772 |
| 66,189 | 18,244 | 47,945 | 77,488 | 28,800 | 48,688 |
| 11,320 | 11,026 | 294 | 155,169 | 153,879 | 1,290 |
| 5,628 | 5,197 | 431 | 38,298 | 36,914 | 1,384 |
| 2,360 | 2,266 | 94 | 52,554 | 47,977 | 4,577 |
| 3,950,142 | 3,948,293 | 1,849 | 3,953,051 | 3,948,982 | 4,069 |
| 233,724 | 195,624 | 38,100 | 3,706,508 | 3,665,839 | 40,669 |
| 694,579 | 694,559 | 20 | 1,069,883 | 1,069,771 | 112 |
| 339,099 | 334,256 | 4,843 | 720,152 | 706,489 | 13,663 |
| 259,285 | 253,338 | 5,947 | 519,060 | 506,874 | 12,186 |
| 8,326,289 | 8,025,050 | 301,239 | 19,303,878 | 18,762,465 | 541,413 |
| - | 93,082 | (93,082) | - | 93,082 | (93,082) |
| 487,882 | 485,608 | 2,274 | 870,079 | 979,376 | (109,297) |
| - | 66,943 | (66,943) | 150,000 | 317,357 | (167,357) |
| 91,764 | 91,764 | - | 454,264 | 454,264 | - |
| 579,646 | 737,397 | (157,751) | 1,474,343 | 1,844,079 | (369,736) |
| 8,905,935 | 8,762,447 | 143,488 | 20,778,221 | 20,606,544 | 171,677 |
| (1,876,683) | 46,872 | 1,923,555 | (2,405,469) | 798,080 | 3,203,549 |
| 212,687 | 212,687 | - | 1,394,046 | 1,394,046 | - |
| \$ (1,663,996) | \$ 259,559 | \$ 1,923,555 | \$ (1,011,423) | \$ 2,192,126 | \$ 3,203,549 |

Internal Service Funds, Nonexpendable Trust Funds And Discretely Presented Component Units
Combined Statement Of Revenues, Expenses, Changes In Fund Equity And Contributed Capital

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | Primary Government | | | | |
|---|---------------------------|------------------------------|-----------------------------|--------------|--------------------|
| | Proprietary Fund Types | Fiduciary Fund Types | Totals (Memorandum Only) | | |
| | Internal Service Funds | Nonexpendable Trust Funds | 1998 | 1997 | Component Units |
| Operating revenues: | | | | | |
| Charges for services..... | \$ - | \$ - | \$ - | \$ - | \$ 513,652 |
| Donations..... | - | - | - | - | 886 |
| Premiums..... | 735,005 | - | 735,005 | 697,413 | 32,867 |
| Total operating revenues..... | 735,005 | - | 735,005 | 697,413 | 547,405 |
| Operating expenses: | | | | | |
| Claims and judgments expense..... | 708,382 | - | 708,382 | 694,179 | - |
| Cost of services and administration..... | - | - | - | - | 1,037,129 |
| Depreciation..... | - | - | - | - | 251,565 |
| Total operating expenses..... | 708,382 | - | 708,382 | 694,179 | 1,288,694 |
| Operating income (loss)..... | 26,623 | - | 26,623 | 3,234 | (741,289) |
| Nonoperating revenues (expenses) | | | | | |
| Operating grants..... | - | - | - | - | 98,308 |
| Interest income..... | 10,778 | - | 10,778 | 7,508 | 107,234 |
| Interest expense..... | - | - | - | - | (280,129) |
| Other income..... | - | - | - | - | 39,816 |
| Other expenses..... | - | - | - | - | (44,388) |
| Nonoperating revenues (expenses), net..... | 10,778 | - | 10,778 | 7,508 | (79,159) |
| Income (loss) before operating transfers..... | 37,401 | - | 37,401 | 10,742 | (820,448) |
| Transfers in (out): | | | | | |
| Transfers in from primary government..... | - | - | - | - | 768,280 |
| Transfers out to primary government..... | - | - | - | - | (4,192) |
| Transfers in (out), net..... | - | - | - | - | 764,088 |
| Net income (loss)..... | 37,401 | - | 37,401 | 10,742 | (56,360) |
| Add: Depreciation of fixed assets acquired from contributed capital..... | - | - | - | - | 129,170 |
| Increase (decrease) in retained earnings/fund balances..... | 37,401 | - | 37,401 | 10,742 | 72,810 |
| Retained earnings/fund balances at beginning of year..... | (140,338) | 5,835 | (134,503) | (145,245) | 363,384 |
| Retained earnings/fund balances at end of year..... | \$ (102,937) | \$ 5,835 | \$ (97,102) | \$ (134,503) | \$ 436,194 |
| Contributed capital at beginning of year..... | | | | | \$ 3,836,571 |
| Add: Capital contributions..... | | | | | 374,667 |
| Less: Depreciation of fixed assets acquired from contributed capita | | | | | (129,170) |
| Contributed capital at end of year..... | | | | | \$ 4,082,068 |

See notes to general purpose financial statements

Internal Service Funds, Nonexpendable Trust Funds And Discretely Presented Component Units
Combined Statement Of Cash Flows

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | Primary Government | | | | |
|--|--------------------------|------------------------|-------------------|--------------|--------------|
| | Proprietary Fund Type | Fiduciary Fund Type | Totals | | |
| | Internal | Nonexpendable | (Memorandum Only) | | Component |
| | Service Funds | Trust Funds | 1998 | 1997 | Units |
| Cash flows from operating activities: | | | | | |
| Operating income (loss)..... | \$ 26,623 | \$ - | \$ 26,623 | \$ 3,234 | \$ (741,289) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | | |
| Depreciation and amortization..... | - | - | - | - | 251,565 |
| Other nonoperating revenues..... | - | - | - | - | 39,816 |
| Other nonoperating expenses..... | - | - | - | - | (44,388) |
| Change in assets and liabilities: | | | | | |
| Assets held in trust..... | (1,444) | - | (1,444) | 3,702 | - |
| Due from federal government..... | - | - | - | - | (24,415) |
| Loans..... | - | - | - | - | (104,198) |
| Other receivables..... | - | - | - | - | (7,238) |
| Due from cities and towns..... | - | - | - | - | (902) |
| Due from primary government..... | - | - | - | - | 2,556 |
| Due from other funds..... | 13,111 | - | 13,111 | (2,145) | - |
| Inventory..... | - | - | - | - | (1,795) |
| Restricted and other assets..... | - | - | - | - | (17,690) |
| Accounts payable..... | - | - | - | - | 18,071 |
| Accrued payroll..... | - | - | - | - | 5,049 |
| Compensated absences..... | - | - | - | - | 1,058 |
| Deferred revenue..... | - | - | - | - | (9,056) |
| Claims and judgments, net..... | 1,418 | - | 1,418 | 22,991 | 81,434 |
| Central artery/tunnel payable..... | - | - | - | - | 600,000 |
| Other accrued liabilities..... | - | - | - | - | (135,569) |
| Due to cities and towns..... | - | - | - | - | (1,145) |
| Due to primary government..... | - | - | - | - | 100,000 |
| Due to federal government..... | - | - | - | - | (33) |
| Total adjustments..... | 13,085 | - | 13,085 | 24,548 | 753,120 |
| Net cash provided by (used for) operating activities..... | 39,708 | - | 39,708 | 27,782 | 11,831 |
| Cash flows from noncapital financing activities: | | | | | |
| Operating grants..... | - | - | - | - | 98,308 |
| Transfers in from primary government..... | - | - | - | - | 768,280 |
| Transfers out to primary government..... | - | - | - | - | (4,192) |
| Net cash provided by (used for) noncapital financing activities..... | - | - | - | - | 862,396 |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition and construction of capital assets..... | - | - | - | - | (1,229,699) |
| Proceeds from the issuance of bonds and notes..... | - | - | - | - | 3,133,191 |
| Interest on bonds and notes..... | - | - | - | - | (280,129) |
| Capital contributions..... | - | - | - | - | 374,667 |
| Principal payments on bonds and notes..... | - | - | - | - | (1,142,938) |
| Payments to refunded bond escrow agent..... | - | - | - | - | (554,993) |
| Proceeds from sale of equipment..... | - | - | - | - | 321 |
| Net cash provided by (used for) capital and related financing activities..... | - | - | - | - | 300,420 |
| Cash flows from investing activities: | | | | | |
| Purchases of investments..... | (50,486) | - | (50,486) | (35,290) | (9,949,159) |
| Sales and maturities of investments..... | - | - | - | - | 8,795,448 |
| Interest income..... | 10,778 | - | 10,778 | 7,508 | 107,234 |
| Net cash provided by (used for) investing activities..... | (39,708) | - | (39,708) | (27,782) | (1,046,477) |
| Net increase (decrease) in cash and cash equivalents..... | - | - | - | - | 128,170 |
| Cash and cash equivalents at beginning of year..... | - | 5,835 | 5,835 | 5,835 | 835,477 |
| Cash and cash equivalents at end of year..... | \$ - | \$ 5,835 | \$ 5,835 | \$ 5,835 | \$ 963,647 |
| Reconciliation to Combined Balance Sheet: | | | | | |
| Cash and cash equivalents at end of year..... | \$ - | \$ 5,835 | \$ 5,835 | \$ 5,835 | \$ 963,647 |
| Cash and cash equivalents at end of year, Pension Trust, Expendable Trust and Agency..... | - | 3,097,119 | 3,097,119 | 2,502,764 | - |
| Cash and cash equivalents per the Combined Balance Sheet..... | \$ - | \$ 3,102,954 | \$ 3,102,954 | \$ 2,508,599 | \$ 963,647 |

See notes to general purpose financial statements.



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Pension Trust Funds
Statement Of Changes in Net Assets Available For Pension Benefits

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | 1998 | 1997 |
|---|---------------|---------------|
| Additions: | | |
| Commonwealth contributions..... | \$ 939,089 | \$ 899,048 |
| Employee contributions..... | 530,761 | 457,530 |
| Total contributions..... | 1,469,850 | 1,356,578 |
| Net investment income: | | |
| Net appreciation in fair value of investments..... | 2,788,533 | 2,823,841 |
| Interest..... | 352,503 | 368,654 |
| Dividends..... | 256,430 | 158,922 |
| Real estate operating income, net..... | 71,824 | 54,525 |
| Alternative investments..... | 5,205 | 27,457 |
| Other..... | 3,755 | 156 |
| Total investment income..... | 3,478,250 | 3,433,555 |
| Less: investment expense..... | 42,869 | 60,703 |
| Net investment income..... | 3,435,381 | 3,372,852 |
| Total additions..... | 4,905,231 | 4,729,430 |
| Deductions: | | |
| Administration..... | 35,973 | 3,688 |
| Retirement benefits and refunds..... | 1,208,011 | 1,121,952 |
| Total deductions..... | 1,243,984 | 1,125,640 |
| Net increase..... | 3,661,247 | 3,603,790 |
| Net assets available for pension benefits at beginning of year (fund balance reserved for employees' pension benefits)..... | 19,560,061 | 15,956,271 |
| Net assets available for pension benefits at end of year (fund balance reserved for employees' pension benefits)..... | \$ 23,221,308 | \$ 19,560,061 |

See notes to general purpose financial statements.

University And College Fund Type
Combined Statement Of Changes In Fund Balances

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | Current Funds | | Loan Funds |
|---|---------------|------------|------------|
| | Unrestricted | Restricted | |
| Revenues and other additions: | | | |
| Unrestricted current funds revenues..... | \$ 922,752 | \$ - | \$ - |
| Federal appropriations..... | - | 6,543 | 592 |
| Federal grants and contracts..... | - | 221,462 | 950 |
| State grants and contracts..... | - | 10,233 | 73 |
| Local grants and contracts..... | - | 5,774 | - |
| Private gifts, grants and contracts..... | - | 78,638 | 15 |
| Investment income (loss)..... | - | 252 | 181 |
| Endowment income..... | - | 757 | - |
| Net realized/unrealized gain (loss) on investments..... | - | 1,384 | 3 |
| Interest on loans receivable..... | - | - | 1,026 |
| Reimbursed loan cancellations..... | - | - | 244 |
| Other income..... | - | 6,967 | 144 |
| Expended for plant facilities..... | - | - | - |
| Retirement of indebtedness..... | - | - | - |
| Other additions..... | - | 103 | 563 |
| Total revenue and other additions..... | 922,752 | 332,113 | 3,791 |
| Expenditures and other deductions: | | | |
| Educational and general expenditures..... | 1,340,071 | 339,184 | - |
| Auxiliary enterprises expenditures..... | 157,174 | - | - |
| Indirect costs recovered..... | - | 43,767 | - |
| Independent operations..... | 17,490 | - | - |
| Clinical services costs..... | - | - | - |
| Refunded to grantors and donors..... | - | 531 | - |
| Loan cancellations and write-offs..... | - | - | 644 |
| Administrative and collection costs..... | - | - | 1,301 |
| Retirement of indebtedness..... | - | - | - |
| Interest on indebtedness..... | - | - | - |
| Expended for plant facilities..... | - | - | - |
| Depreciation and amortization..... | - | - | - |
| Disposal of plant facilities..... | - | - | - |
| Other deductions..... | - | - | - |
| Total expenditures and other deductions..... | 1,514,735 | 383,482 | 1,945 |
| Mandatory transfers: | | | |
| Principal and interest..... | (29,497) | - | - |
| Renewals and replacements..... | (233) | - | - |
| Student loan fund matching..... | (1,307) | 1,159 | 148 |
| Operating transfers out..... | (72,868) | - | - |
| Nonmandatory transfers: | | | |
| Transfers of appropriation..... | 782,159 | 40,826 | - |
| Transfers of bond proceeds..... | - | 31,143 | - |
| Unexpended plant funds..... | (23,567) | - | - |
| Renewals and replacements..... | (28,294) | (13,468) | - |
| Other nonmandatory transfers..... | (4,484) | (369) | (180) |
| Total transfers..... | 621,909 | 59,291 | (32) |
| Net increase (decrease) for the year..... | 29,926 | 7,922 | 1,814 |
| Loss from discontinued operations..... | (9,269) | - | - |
| Net amounts transferred to UMass Memorial Health Care, Inc..... | 22,713 | - | - |
| Net increase (decrease) after discontinued operations..... | 43,370 | 7,922 | 1,814 |
| Fund balances at beginning of year..... | 94,963 | 43,582 | 53,468 |
| Fund balances at end of year..... | \$ 138,333 | \$ 51,504 | \$ 55,282 |

See notes to general purpose financial statements.

| Endowment and Similar Funds | Plant Funds | Totals (Memorandum Only) | |
|--------------------------------|----------------|-----------------------------|--------------|
| | | 1998 | 1997 |
| | | | |
| \$ - | \$ - | \$ 922,752 | \$ 1,319,581 |
| - | - | 7,135 | 6,391 |
| - | 2,846 | 225,258 | 191,152 |
| - | 34,133 | 44,439 | 42,487 |
| - | - | 5,774 | 2,575 |
| 32,343 | 357 | 111,353 | 82,731 |
| 821 | 5,795 | 7,049 | 5,062 |
| 483 | - | 1,240 | 4,064 |
| 5,764 | 124 | 7,275 | 10,706 |
| - | - | 1,026 | 973 |
| - | - | 244 | 501 |
| 162 | 2,496 | 9,769 | 3,114 |
| - | 99,313 | 99,313 | 125,574 |
| - | 16,628 | 16,628 | 18,509 |
| 9 | 1,678 | 2,353 | 10,336 |
| 39,582 | 163,370 | 1,461,608 | 1,823,756 |
| 14 | - | 1,679,269 | 1,569,231 |
| - | - | 157,174 | 155,503 |
| - | - | 43,767 | 37,304 |
| - | - | 17,490 | - |
| - | - | - | 428,232 |
| - | - | 531 | 544 |
| - | - | 644 | 278 |
| 16 | 1,325 | 2,642 | 3,674 |
| - | 16,628 | 16,628 | 18,455 |
| - | 19,910 | 19,910 | 22,252 |
| - | 67,652 | 67,652 | 93,055 |
| - | 445 | 445 | 24,309 |
| - | 24,815 | 24,815 | 22,878 |
| 9,963 | 12,952 | 22,915 | 6,118 |
| 9,993 | 143,727 | 2,053,882 | 2,381,833 |
| - | 29,497 | - | - |
| - | 233 | - | - |
| - | - | - | - |
| - | - | (72,868) | (75,060) |
| - | - | 822,985 | 747,036 |
| - | - | 31,143 | 34,977 |
| - | 23,567 | - | - |
| - | 41,762 | - | - |
| 1,823 | 3,210 | - | - |
| 1,823 | 98,269 | 781,260 | 706,953 |
| 31,412 | 117,912 | 188,986 | 148,876 |
| - | (374) | (9,643) | - |
| (18,723) | (74,519) | (70,529) | - |
| 12,689 | 43,019 | 108,814 | 148,876 |
| 127,527 | 2,192,679 | 2,512,219 | 2,363,343 |
| \$ 140,216 | \$ 2,235,698 | \$ 2,621,033 | \$ 2,512,219 |

University And College Fund Type
Combined Statement Of Current Funds Revenues, Expenditures, And Other Changes

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | Current Funds | | Totals (Memorandum Only) | |
|---|---------------|------------|-----------------------------|------------|
| | Unrestricted | Restricted | 1998 | 1997 |
| | | | | |
| Revenues and other additions | | | | |
| Tuition and fees..... | \$ 517,656 | \$ 2,109 | \$ 519,765 | \$ 558,945 |
| Federal appropriations..... | - | 6,449 | 6,449 | 6,460 |
| Federal grants and contracts..... | - | 186,692 | 186,692 | 167,659 |
| State grants and contracts..... | 456 | 10,306 | 10,762 | 3,474 |
| Local grants and contracts..... | 790 | 5,072 | 5,862 | 6,518 |
| Private gifts, grants and contracts..... | 8,259 | 69,858 | 78,117 | 63,286 |
| Endowment income..... | 337 | 752 | 1,089 | 807 |
| Sales and service, educational..... | 12,172 | - | 12,172 | 11,233 |
| Sales and service, auxiliary enterprises..... | 183,283 | - | 183,283 | 179,459 |
| Sales and service, independent operations..... | 26,163 | - | 26,163 | - |
| Sales and service, clinical services..... | - | - | - | 473,938 |
| Recovery of indirect costs..... | 43,767 | - | 43,767 | 37,304 |
| Other investment income (loss)..... | 22,192 | 1,521 | 23,713 | 28,920 |
| Other..... | 107,677 | 5,502 | 113,179 | 22,333 |
| Total current funds revenues..... | 922,752 | 288,261 | 1,211,013 | 1,560,336 |
| Expenditures: | | | | |
| Instruction..... | 559,292 | 46,183 | 605,475 | 607,836 |
| Research..... | 54,569 | 122,589 | 177,158 | 151,641 |
| Public service..... | 32,912 | 40,008 | 72,920 | 58,577 |
| Academic support..... | 138,948 | 20,955 | 159,903 | 138,779 |
| Student services..... | 127,082 | 9,743 | 136,825 | 118,003 |
| Institutional support..... | 192,976 | 7,374 | 200,350 | 178,703 |
| Operation and maintenance of plant..... | 173,954 | 4,979 | 178,933 | 176,464 |
| Scholarships and fellowships..... | 60,338 | 86,845 | 147,183 | 139,228 |
| Auxiliary enterprises..... | 157,174 | - | 157,174 | 155,503 |
| Independent operations..... | 17,490 | 508 | 17,998 | - |
| Clinical services costs..... | - | - | - | 428,232 |
| Total current funds expenditures..... | 1,514,735 | 339,184 | 1,853,919 | 2,152,966 |
| Transfers and other changes: | | | | |
| Mandatory transfers: | | | | |
| Principal and interest..... | (29,497) | - | (29,497) | (36,906) |
| Renewals and replacements..... | (233) | - | (233) | (611) |
| Student loan fund matching..... | (1,307) | 1,159 | (148) | (85) |
| Operating transfers out..... | (72,868) | - | (72,868) | (75,060) |
| Nonmandatory transfers: | | | | |
| Transfers of appropriation..... | 782,159 | 40,826 | 822,985 | 747,036 |
| Transfers of bond proceeds..... | - | 31,143 | 31,143 | 34,977 |
| Unexpended plant funds..... | (23,567) | - | (23,567) | (56,374) |
| Renewals and replacements..... | (28,294) | (13,468) | (41,762) | (23,351) |
| Other nonmandatory transfers..... | (4,484) | (369) | (4,853) | (947) |
| Refunds to grantors and donors..... | - | (531) | (531) | (544) |
| Excess (deficiency) of restricted receipts over transfers to revenue..... | - | 85 | 85 | (3,134) |
| Total transfers and other changes..... | 621,909 | 58,845 | 680,754 | 585,001 |
| Total increase (decrease) in fund balances..... | 29,926 | 7,922 | 37,848 | (7,629) |
| Loss from discontinued operations..... | (9,269) | - | (9,269) | - |
| Net amounts transferred to UMass Memorial Health Care, Inc..... | 22,713 | - | 22,713 | - |
| Net increase (decrease) after discontinued operations..... | \$ 43,370 | \$ 7,922 | \$ 51,292 | \$ (7,629) |

See notes to general purpose financial statements.



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Discretely Presented Component Units

Combining Balance Sheet

June 30, 1998
(Amounts in thousands)

| | Massachusetts Bay Transportation Authority | Massachusetts Turnpike Authority | Regional Transit Authorities |
|---|---|--|------------------------------------|
| ASSETS | | | |
| Cash and short-term investments..... | \$ 509,662 | \$ 30,204 | \$ 16,235 |
| Investments..... | - | - | 14 |
| Restricted investments..... | 141,883 | 1,331,907 | - |
| Investments of deferred compensation plan..... | 7,029 | 17,804 | 420 |
| Assets held in trust..... | - | - | - |
| Receivables, net of allowance for uncollectibles: | | | |
| Due from federal government..... | - | - | 8,676 |
| Loans..... | - | - | - |
| Other receivables..... | 45,202 | 6,774 | 7,006 |
| Due from cities and towns..... | - | - | - |
| Due from primary government..... | 246,513 | - | 61,795 |
| Inventory..... | 44,516 | 1,348 | 242 |
| Fixed assets..... | 5,991,521 | 1,482,839 | 159,384 |
| Other assets..... | 120,116 | 6,125 | 3,531 |
| Total assets..... | <u>\$ 7,106,442</u> | <u>\$ 2,877,001</u> | <u>\$ 257,303</u> |
| LIABILITIES AND FUND EQUITY | | | |
| Liabilities: | | | |
| Accounts payable..... | \$ 44,738 | \$ 9,395 | \$ 13,900 |
| Accrued payroll..... | 29,859 | 1,060 | 236 |
| Compensated absences..... | - | 6,777 | 710 |
| Due to cities and towns..... | - | - | 145 |
| Due to primary government..... | - | 100,000 | - |
| Due to federal government..... | - | - | 50 |
| Deferred revenue..... | 35,898 | 4,878 | 175 |
| Deferred compensation benefits payable..... | 7,029 | 17,804 | 420 |
| Agency liabilities..... | - | - | - |
| Claims and judgments..... | 81,005 | - | 3,594 |
| Central artery/tunnel payable..... | - | 600,000 | - |
| Other accrued liabilities..... | 64,781 | 55,785 | 4,133 |
| Capital leases..... | 529,638 | - | 4,887 |
| Bonds, notes payable and certificates of participation..... | 3,495,580 | 1,713,686 | 78,421 |
| Total liabilities..... | <u>4,288,528</u> | <u>2,509,385</u> | <u>106,671</u> |
| Fund equity: | | | |
| Contributed capital..... | 2,974,490 | - | 147,080 |
| Retained earnings (deficits): | | | |
| Reserved for investment programs..... | - | 367,616 | - |
| Reserved for bond retirement..... | - | - | - |
| Unreserved..... | (156,576) | - | 3,552 |
| Total fund equity..... | <u>2,817,914</u> | <u>367,616</u> | <u>150,632</u> |
| Total liabilities and fund equity..... | <u>\$ 7,106,442</u> | <u>\$ 2,877,001</u> | <u>\$ 257,303</u> |

See notes to general purpose financial statements.

| Massachusetts Water Pollution Abatement Trust | Massachusetts Convention Center Authority | Economic Development Authorities | Total |
|---|--|--|----------------------|
| \$ 259,532 | \$ 16,143 | \$ 131,871 | \$ 963,647 |
| 391,620 | - | 42,879 | 434,513 |
| - | 10,646 | 4,587 | 1,489,023 |
| - | - | 1,177 | 26,430 |
| - | - | 5,251 | 5,251 |
| 32,430 | - | 12,238 | 53,344 |
| 940,594 | - | 206,739 | 1,147,333 |
| 18,276 | 1,096 | 18,091 | 96,445 |
| - | - | 1,162 | 1,162 |
| - | 20,820 | 2,305 | 331,433 |
| - | - | 193 | 46,299 |
| 17 | 199,436 | 50,957 | 7,884,154 |
| 14 | 1,475 | 7,916 | 139,177 |
| <u>\$ 1,642,483</u> | <u>\$ 249,616</u> | <u>\$ 485,366</u> | <u>\$ 12,618,211</u> |
| \$ - | \$ 4,099 | \$ 17,243 | \$ 89,375 |
| - | - | 1,359 | 32,514 |
| - | - | 532 | 8,019 |
| - | - | - | 145 |
| - | - | 3,750 | 103,750 |
| - | - | - | 50 |
| - | 879 | 31,190 | 73,020 |
| - | - | 1,177 | 26,430 |
| - | - | 5,251 | 5,251 |
| - | - | - | 84,599 |
| - | - | - | 600,000 |
| 39,045 | 28,018 | 9,366 | 201,128 |
| - | - | 263 | 534,788 |
| 825,375 | 115,754 | 112,064 | 6,340,880 |
| <u>864,420</u> | <u>148,750</u> | <u>182,195</u> | <u>8,099,949</u> |
| 705,987 | 94,631 | 159,880 | 4,082,068 |
| - | - | 60,746 | 428,362 |
| - | - | 2,567 | 2,567 |
| 72,076 | 6,235 | 79,978 | 5,265 |
| <u>778,063</u> | <u>100,866</u> | <u>303,171</u> | <u>4,518,262</u> |
| <u>\$ 1,642,483</u> | <u>\$ 249,616</u> | <u>\$ 485,366</u> | <u>\$ 12,618,211</u> |

Discretely Presented Component Units
Combining Statement Of Revenues, Expenses, Changes In
Retained Earnings And Changes In Contributed Capital

Fiscal Year Ended June 30, 1998

(Amounts in thousands)

| | Massachusetts Bay Transportation Authority | Massachusetts Turnpike Authority | Regional Transit Authorities |
|---|---|--|------------------------------------|
| Operating revenues: | | | |
| Charges for services..... | \$ 245,854 | \$ 163,008 | \$ 59,837 |
| Donations..... | - | - | - |
| Other..... | - | 18,543 | 715 |
| Total operating revenues..... | 245,854 | 181,551 | 60,552 |
| Operating expenses: | | | |
| Cost of services and administration..... | 633,492 | 122,893 | 122,082 |
| Depreciation..... | 192,874 | 29,784 | 16,225 |
| Total operating expenses..... | 826,366 | 152,677 | 138,307 |
| Operating income (loss)..... | (580,512) | 28,874 | (77,755) |
| Nonoperating revenues (expenses) | | | |
| Operating grants..... | 2,926 | - | 10,444 |
| Interest income..... | - | 33,160 | 1,004 |
| Interest expense..... | (164,179) | (51,800) | (3,547) |
| Other income..... | 33,853 | - | 793 |
| Other expenses..... | (17,642) | - | (1,491) |
| Nonoperating revenues (expenses), net..... | (145,042) | (18,640) | 7,203 |
| Income (loss) before transfers | (725,554) | 10,234 | (70,552) |
| Transfers: | | | |
| Transfers in from primary government..... | 653,459 | - | 55,574 |
| Transfers out to primary government..... | - | - | - |
| Total transfers..... | 653,459 | - | 55,574 |
| Net income (loss)..... | (72,095) | 10,234 | (14,978) |
| Add: Depreciation of fixed assets acquired from contributed capital..... | 106,000 | - | 16,133 |
| Increase (decrease) in retained earnings..... | 33,905 | 10,234 | 1,155 |
| Retained earnings (deficits) at beginning of year..... | (190,481) | 357,382 | 2,397 |
| Retained earnings (deficits) at end of year..... | \$ (156,576) | \$ 367,616 | \$ 3,552 |
| Contributed capital at beginning of year..... | \$ 2,931,501 | \$ - | \$ 132,476 |
| Add: Capital contributions, net..... | 148,989 | - | 30,737 |
| Less: Depreciation of fixed assets acquired from contributed capital..... | (106,000) | - | (16,133) |
| Contributed capital at end of year..... | \$ 2,974,490 | \$ - | \$ 147,080 |

See notes to general purpose financial statements

| Massachusetts Water Pollution Abatement Trust | Massachusetts Convention Center Authority | Economic Development Authorities | Total |
|---|--|--|--------------|
| \$ - | \$ 15,948 | \$ 29,005 | \$ 513,652 |
| - | - | 886 | 886 |
| 1,391 | - | 12,218 | 32,867 |
| 1,391 | 15,948 | 42,109 | 547,405 |
| 14,009 | 20,000 | 124,653 | 1,037,129 |
| 8 | 7,290 | 5,384 | 251,565 |
| 14,017 | 27,290 | 130,037 | 1,288,694 |
| (12,626) | (11,342) | (87,928) | (741,289) |
| 11,111 | - | 73,827 | 98,308 |
| 65,300 | 472 | 7,298 | 107,234 |
| (44,578) | (8,535) | (7,490) | (280,129) |
| - | 172 | 4,998 | 39,816 |
| (20,200) | (157) | (4,898) | (44,388) |
| 11,633 | (8,048) | 73,735 | (79,159) |
| (993) | (19,390) | (14,193) | (820,448) |
| 2,267 | 19,903 | 37,077 | 768,280 |
| - | (4,192) | - | (4,192) |
| 2,267 | 15,711 | 37,077 | 764,088 |
| 1,274 | (3,679) | 22,884 | (56,360) |
| - | 7,037 | - | 129,170 |
| 1,274 | 3,358 | 22,884 | 72,810 |
| 70,802 | 2,877 | 120,407 | 363,384 |
| \$ 72,076 | \$ 6,235 | \$ 143,291 | \$ 436,194 |
| \$ 607,035 | \$ 80,940 | \$ 84,619 | \$ 3,836,571 |
| 98,952 | 20,728 | 75,261 | 374,667 |
| - | (7,037) | - | (129,170) |
| \$ 705,987 | \$ 94,631 | \$ 159,880 | \$ 4,082,068 |

Discretely Presented Component Units

Combining Statement Of Cash Flows

Fiscal Year Ended June 30, 1998
(Amounts in thousands)

| | Massachusetts Bay Transportation Authority | Massachusetts Turnpike Authority | Regional Transit Authorities |
|--|---|--|------------------------------------|
| Cash flows from operating activities: | | | |
| Operating income (loss)..... | \$ (580,512) | \$ 28,874 | \$ (77,755) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | |
| Depreciation and amortization..... | 192,874 | 29,784 | 16,225 |
| Other nonoperating revenues..... | 33,853 | - | 793 |
| Other nonoperating expenses..... | (17,642) | - | (1,491) |
| Change in assets and liabilities | | | |
| Due from federal government..... | - | - | (2,537) |
| Loans..... | - | - | - |
| Other receivables..... | 4,870 | (1,984) | 251 |
| Due from cities and towns..... | - | - | - |
| Due from primary government..... | (13,983) | - | (2,908) |
| Inventory..... | (1,691) | (62) | 19 |
| Restricted and other assets..... | (9,209) | (1,511) | (498) |
| Accounts payable..... | 9,943 | (841) | 4,730 |
| Accrued payroll..... | 3,912 | 215 | 83 |
| Compensated absences..... | - | 1,126 | 90 |
| Deferred revenue..... | (4,221) | 1,009 | 74 |
| Claims and judgments, net..... | 81,005 | - | 429 |
| Central artery/tunnel payable..... | - | 600,000 | - |
| Other accrued liabilities..... | (97,597) | 32,786 | (381) |
| Due to cities and towns..... | - | - | - |
| Due to primary government..... | - | 100,000 | - |
| Due to federal government..... | - | - | 18 |
| Total adjustments..... | 182,114 | 760,522 | 14,897 |
| Net cash provided by (used for) operating activities..... | (398,398) | 789,396 | (62,858) |
| Cash flows from noncapital financing activities | | | |
| Operating grants..... | 2,926 | - | 10,444 |
| Transfers in from primary government..... | 653,459 | - | 55,574 |
| Transfers out to primary government..... | - | - | - |
| Net cash provided by noncapital financing activities..... | 656,385 | - | 66,018 |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets..... | (430,887) | (760,751) | (29,311) |
| Proceeds from the issuance of bonds and notes..... | 1,359,891 | 1,669,540 | 71,824 |
| Interest on bonds and notes..... | (164,179) | (51,800) | (3,547) |
| Capital contributions..... | 148,989 | - | 30,737 |
| Principal payments on bonds and notes..... | (982,304) | (4,131) | (70,640) |
| Payments to refunded bond escrow agent..... | - | (555,909) | - |
| Proceeds from sale of equipment..... | - | - | 321 |
| Net cash provided by (used for) capital and related financing activities..... | (68,490) | 296,949 | (616) |
| Cash flows from investing activities: | | | |
| Purchases of investments..... | (826,393) | (8,762,690) | (14) |
| Sales and maturities of investments..... | 793,150 | 7,645,180 | 9 |
| Interest income..... | - | 33,160 | 1,004 |
| Net cash provided by (used for) investing activities..... | (33,243) | (1,084,350) | 999 |
| Net increase (decrease) in cash and cash equivalents..... | 156,254 | 1,995 | 3,543 |
| Cash and cash equivalents at beginning of year..... | 353,408 | 28,209 | 12,692 |
| Cash and cash equivalents at end of year..... | \$ 509,662 | \$ 30,204 | \$ 16,235 |

See notes to general purpose financial statements

| Massachusetts Water Pollution Abatement Trust | Massachusetts Convention Center Authority | Economic Development Authorities | Total |
|--|--|--|--------------|
| \$ (12,626) | \$ (11,342) | \$ (87,928) | \$ (741,289) |
| 8 | 7,290 | 5,384 | 251,565 |
| - | 172 | 4,998 | 39,816 |
| (20,200) | (157) | (4,898) | (44,388) |
| (32,430) | - | 10,552 | (24,415) |
| (83,300) | - | (20,898) | (104,198) |
| 450 | (328) | (10,497) | (7,238) |
| - | - | (902) | (902) |
| 20,200 | (2,854) | 2,101 | 2,556 |
| - | - | (61) | (1,795) |
| 2 | 326 | (6,800) | (17,690) |
| - | (255) | 4,494 | 18,071 |
| - | - | 839 | 5,049 |
| - | - | (158) | 1,058 |
| - | 372 | (6,290) | (9,056) |
| - | - | - | 81,434 |
| - | - | - | 600,000 |
| (77,803) | 4,272 | 3,154 | (135,569) |
| - | - | (1,145) | (1,145) |
| - | - | - | 100,000 |
| - | - | (51) | (33) |
| (193,073) | 8,838 | (20,178) | 753,120 |
| (205,699) | (2,504) | (108,106) | 11,831 |
| 11,111 | - | 73,827 | 98,308 |
| 2,267 | 19,903 | 37,077 | 768,280 |
| - | (4,192) | - | (4,192) |
| 13,378 | 15,711 | 110,904 | 862,396 |
| (8) | (1,120) | (7,622) | (1,229,699) |
| - | - | 31,936 | 3,133,191 |
| (44,578) | (8,535) | (7,490) | (280,129) |
| 98,952 | 20,728 | 75,261 | 374,667 |
| (37,645) | (20,156) | (28,062) | (1,142,938) |
| - | - | 916 | (554,993) |
| - | - | - | 321 |
| 16,721 | (9,083) | 64,939 | 300,420 |
| (266,153) | (39,622) | (54,287) | (9,949,159) |
| 271,636 | 38,181 | 47,292 | 8,795,448 |
| 65,300 | 472 | 7,298 | 107,234 |
| 70,783 | (969) | 303 | (1,046,477) |
| (104,817) | 3,155 | 68,040 | 128,170 |
| 364,349 | 12,988 | 63,831 | 835,477 |
| \$ 259,532 | \$ 16,143 | \$ 131,871 | \$ 963,647 |



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